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Attachment 2

**Monterey Peninsula Water Supply Project
Project & Financing Scenarios**

| | 9.6 MGD Plant Size | | | | | | | |
|--|---------------------------------|----------------|----------------|------------------|---------------------------------|----------------|----------------|------------------|
| | Petition for Modification Cap | | | | Tier 2 Advice Letter Cap | | | |
| | Financing Scenario ¹ | | | | Financing Scenario ¹ | | | |
| | | | | Settlement | | | | Settlement |
| \$ millions | A | B | C | D | A | B | C | D |
| Capital Costs | | | | | | | | |
| Desal Plant | \$276.9 | \$276.9 | \$276.9 | \$276.9 | \$253.3 | \$253.3 | \$253.3 | \$253.3 |
| CAW-Only Facilities | 106.9 | 106.9 | 106.9 | 106.9 | 85.0 | 85.0 | 85.0 | 85.0 |
| AFUDC | <u>29.1</u> | <u>14.3</u> | <u>15.7</u> | <u>8.5</u> | <u>28.8</u> | <u>14.1</u> | <u>17.8</u> | <u>9.5</u> |
| Total Project Cost | \$412.9 | \$398.1 | \$399.5 | \$392.3 | \$367.1 | \$352.4 | \$356.1 | \$347.8 |
| Surcharge 2 | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> |
| Remaining Funding | \$341.4 | \$326.6 | \$328.0 | \$320.8 | \$295.6 | \$280.9 | \$284.6 | \$276.3 |
| CAW Equity | 180.9 | 173.1 | 107.9 | 105.9 | 156.7 | 148.9 | 96.1 | 93.9 |
| CAW Debt | 160.5 | 0.0 | 95.7 | 0.0 | 138.9 | 0.0 | 85.3 | 0.0 |
| SRF Debt | 0.0 | 153.5 | 0.0 | 93.9 | 0.0 | 132.0 | 0.0 | 83.3 |
| Securitization | 0.0 | 0.0 | 124.5 | 120.9 | 0.0 | 0.0 | 103.2 | 99.1 |
| CAW Rate Base at In-Service Date | \$340.8 | \$161.2 | \$203.2 | \$99.7 | \$295.1 | \$137.2 | \$181.1 | \$86.8 |
| Revenue Requirement | | | | | | | | |
| CAW Revenue Requirement | \$56.4 | \$39.9 | \$36.5 | \$27.4 | \$50.1 | \$35.4 | \$33.6 | \$25.1 |
| Customer SRF Surcharge ² | 0.0 | 10.6 | 0.0 | 6.4 | 0.0 | 9.2 | 0.0 | 5.8 |
| Public Agency Securitization ³ | 0.0 | 0.0 | 6.9 | 6.7 | 0.0 | 0.0 | 5.7 | 5.5 |
| Total Cost to Customer - Yr 1 | \$56.4 | \$50.5 | \$43.4 | \$40.5 | \$50.1 | \$44.6 | \$39.3 | \$36.4 |
| Cost per Acre Foot (\$) | \$5,246 | \$4,698 | \$4,037 | \$3,767.3 | \$4,660 | \$4,149 | \$3,656 | \$3,386.0 |
| \$Bill Impact of Facilities⁴ | \$57.35 | \$51.34 | \$44.12 | \$41.16 | \$50.94 | \$45.34 | \$39.94 | \$36.99 |
| Net Present Value⁵ | \$350.2 | \$318.1 | \$300.8 | \$285.1 | \$320.4 | \$290.3 | \$279.5 | \$263.3 |

Notes:**1 Financing Scenarios**

A) CAW equity, CAW debt and Surcharge 2

B) CAW equity, SRF debt and Surcharge 2

C) CAW equity 27% of total cost, CAW debt, Surcharge 2 and Securitization

D) CAW equity 27% of total cost, SRF debt, Surcharge 2 and Securitization

2 SRF debt issued at 2.5% with a 20 year term**3** Public Agency Securitization issued at 3.6% with a 30 year term**4** Reflects dollar impact from the total facilities for the average customer. The average customer assumes a 3-person household on a 3/8 acre lot using an average use of 74 units of water per month.**5** Net Present Value is measured over 40 years and uses a discount rate of 10.96%, which is Cal-Am's pre-tax WACC using the market cost of debt (4.3%) rather than the authorized cost of debt.

**Monterey Peninsula Water Supply Project
Project & Financing Scenarios**

| | 6.9 MGD Plant Size | | | | | | | |
|--|---------------------------------|----------------|----------------|------------------|---------------------------------|----------------|----------------|------------------|
| | Petition for Modification Cap | | | | Tier 2 Advice Letter Cap | | | |
| | Financing Scenario ¹ | | | | Financing Scenario ¹ | | | |
| | A | B | C | Settlement D | A | B | C | Settlement D |
| <i>\$ millions</i> | | | | | | | | |
| Capital Costs | | | | | | | | |
| Desal Plant | \$227.0 | \$227.0 | \$227.0 | \$227.0 | \$214.1 | \$214.1 | \$214.1 | \$214.1 |
| CAW-Only Facilities | 106.9 | 106.9 | 106.9 | 106.9 | 85.0 | 85.0 | 85.0 | 85.0 |
| AFUDC | <u>24.8</u> | <u>12.4</u> | <u>14.2</u> | <u>7.8</u> | <u>25.9</u> | <u>12.9</u> | <u>17.0</u> | <u>9.1</u> |
| Total Project Cost | \$358.7 | \$346.3 | \$348.1 | \$341.7 | \$325.0 | \$312.0 | \$316.1 | \$308.2 |
| Surcharge 2 | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> |
| Remaining Funding | \$287.2 | \$274.8 | \$276.6 | \$270.2 | \$253.5 | \$240.5 | \$244.6 | \$236.7 |
| CAW Equity | 152.2 | 145.6 | 94.0 | 92.3 | 134.4 | 127.5 | 85.3 | 83.2 |
| CAW Debt | 135.0 | 0.0 | 83.3 | 0.0 | 119.1 | 0.0 | 75.7 | 0.0 |
| SRF Debt | 0.0 | 129.2 | 0.0 | 81.8 | 0.0 | 113.0 | 0.0 | 73.8 |
| Securitization | 0.0 | 0.0 | 99.3 | 96.1 | 0.0 | 0.0 | 83.6 | 79.7 |
| CAW Rate Base at In-Service Date | \$286.8 | \$135.6 | \$177.0 | \$86.7 | \$253.1 | \$117.0 | \$160.8 | \$76.5 |
| Revenue Requirement | | | | | | | | |
| CAW Revenue Requirement | \$54.7 | \$40.8 | \$38.8 | \$30.9 | \$50.1 | \$37.3 | \$36.7 | \$29.1 |
| Customer SRF Surcharge ² | 0.0 | 8.9 | 0.0 | 5.6 | 0.0 | 7.9 | 0.0 | 5.2 |
| Public Agency Securitization ³ | 0.0 | 0.0 | 5.5 | 5.3 | 0.0 | 0.0 | 4.6 | 4.4 |
| Total Cost to Customer - Yr 1 | \$54.7 | \$49.7 | \$44.3 | \$41.8 | \$50.1 | \$45.2 | \$41.3 | \$38.7 |
| Cost per Acre Foot (\$) | \$5,099 | \$4,633 | \$4,130 | \$3,896.8 | \$4,671 | \$4,214 | \$3,850 | \$3,607.8 |
| \$Bill Impact of Facilities⁴ | \$55.62 | \$50.53 | \$45.03 | \$42.49 | \$50.94 | \$45.95 | \$41.98 | \$39.33 |
| Net Present Value⁵ | \$358.4 | \$331.7 | \$318.9 | \$305.5 | \$336.6 | \$310.4 | \$303.5 | \$288.8 |

Notes:**1 Financing Scenarios**

A) CAW equity, CAW debt and Surcharge 2

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C) CAW equity 27% of total cost, CAW debt, Surcharge 2 and Securitization

D) CAW equity 27% of total cost, SRF debt, Surcharge 2 and Securitization

2 SRF debt issued at 2.5% with a 20 year term**3** Public Agency Securitization issued at 3.6% with a 30 year term**4** Reflects dollar impact from the total facilities for the average customer. The average customer assumes a 3-person household on a 3/8 acre lot using an average use of 74 units of water per month.**5** Net Present Value is measured over 40 years and uses a discount rate of 10.96%, which is Cal-Am's pre-tax WACC using the market cost of debt (4.3%) rather than the authorized cost of debt.

**Monterey Peninsula Water Supply Project
Project & Financing Scenarios**

| | 6.4 MGD Plant Size | | | | | | | |
|--|---------------------------------|----------------|----------------|------------------|---------------------------------|----------------|----------------|------------------|
| | Petition for Modification Cap | | | | Tier 2 Advice Letter Cap | | | |
| | Financing Scenario ¹ | | | | Financing Scenario ¹ | | | |
| | | | | Settlement | | | | Settlement |
| \$ millions | A | B | C | D | A | B | C | D |
| Capital Costs | | | | | | | | |
| Desal Plant | \$223.5 | \$223.5 | \$223.5 | \$223.5 | \$210.6 | \$210.6 | \$210.6 | \$210.6 |
| CAW-Only Facilities | 106.9 | 106.9 | 106.9 | 106.9 | 85.0 | 85.0 | 85.0 | 85.0 |
| AFUDC | <u>24.8</u> | <u>12.4</u> | <u>14.3</u> | <u>7.9</u> | <u>25.4</u> | <u>12.6</u> | <u>16.8</u> | <u>9.0</u> |
| Total Project Cost | \$355.2 | \$342.8 | \$344.7 | \$338.3 | \$321.0 | \$308.2 | \$312.4 | \$304.6 |
| Surcharge 2 | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> | <u>71.5</u> |
| Remaining Funding | \$283.7 | \$271.3 | \$273.2 | \$266.8 | \$249.5 | \$236.7 | \$240.9 | \$233.1 |
| CAW Equity | 150.4 | 143.8 | 93.1 | 91.3 | 132.2 | 125.5 | 84.3 | 82.2 |
| CAW Debt | 133.3 | 0.0 | 82.5 | 0.0 | 117.3 | 0.0 | 74.8 | 0.0 |
| SRF Debt | 0.0 | 127.5 | 0.0 | 81.0 | 0.0 | 111.2 | 0.0 | 72.9 |
| Securitization | 0.0 | 0.0 | 97.6 | 94.5 | 0.0 | 0.0 | 81.8 | 77.9 |
| CAW Rate Base at In-Service Date | \$283.2 | \$133.8 | \$175.3 | \$85.7 | \$249.1 | \$115.2 | \$158.8 | \$75.6 |
| Revenue Requirement | | | | | | | | |
| CAW Revenue Requirement | \$54.9 | \$41.3 | \$39.3 | \$31.4 | \$50.3 | \$37.8 | \$37.2 | \$29.7 |
| Customer SRF Surcharge ² | 0.0 | 8.8 | 0.0 | 5.5 | 0.0 | 7.8 | 0.0 | 5.1 |
| Public Agency Securitization ³ | 0.0 | 0.0 | 5.4 | 5.2 | 0.0 | 0.0 | 4.5 | 4.3 |
| Total Cost to Customer - Yr 1 | \$54.9 | \$50.1 | \$44.7 | \$42.1 | \$50.3 | \$45.6 | \$41.7 | \$39.1 |
| Cost per Acre Foot (\$) | \$5,147 | \$4,697 | \$4,191 | \$3,946.8 | \$4,716 | \$4,275 | \$3,909 | \$3,665.6 |
| \$Bill Impact of Facilities⁴ | \$55.83 | \$50.94 | \$45.44 | \$42.79 | \$51.14 | \$46.36 | \$42.38 | \$39.74 |
| Net Present Value⁵ | \$361.2 | \$334.7 | \$322.4 | \$308.9 | \$339.1 | \$313.5 | \$306.8 | \$292.3 |

Notes:**1 Financing Scenarios**

A) CAW equity, CAW debt and Surcharge 2

C) CAW equity 27% of total cost, CAW debt, Surcharge 2 and Securitization

B) CAW equity, SRF debt and Surcharge 2

D) CAW equity 27% of total cost, SRF debt, Surcharge 2 and Securitization

2 SRF debt issued at 2.5% with a 20 year term**3** Public Agency Securitization issued at 3.6% with a 30 year term**4** Reflects dollar impact from the total facilities for the average customer. The average customer assumes a 3-person household on a 3/8 acre lot using an average use of 74 units of water per month.**5** Net Present Value is measured over 40 years and uses a discount rate of 10.96%, which is Cal-Am's pre-tax WACC using the market cost of debt (4.3%) rather than the authorized cost of debt.